

109TH CONGRESS
2D SESSION

S. 3977

To provide a Federal income tax credit for Patriot employers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2006

Mr. DURBIN (for himself and Mr. OBAMA) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide a Federal income tax credit for Patriot employers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REDUCED TAXES FOR PATRIOT EMPLOYERS.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by adding at the end the following new
7 section:

8 **“SEC. 45N. REDUCTION IN TAX OF PATRIOT EMPLOYERS.**

9 “(a) IN GENERAL.—In the case of any taxable year
10 with respect to which a taxpayer is certified by the Sec-

1 retary as a Patriot employer, the Patriot employer credit
 2 determined under this section for purposes of section 38
 3 shall be equal to 1 percent of the taxable income of the
 4 taxpayer which is properly allocable to all trades or busi-
 5 nesses with respect to which the taxpayer is certified as
 6 a Patriot employer for the taxable year.

7 “(b) PATRIOT EMPLOYER.—For purposes of sub-
 8 section (a), the term ‘Patriot employer’ means, with re-
 9 spect to any taxable year, any taxpayer which—

10 “(1) maintains its headquarters in the United
 11 States if the taxpayer has ever been headquartered
 12 in the United States,

13 “(2) pays at least 60 percent of each employee’s
 14 health care premiums,

15 “(3) if such taxpayer employs at least 50 em-
 16 ployees on average during the taxable year—

17 “(A) maintains or increases the number of
 18 full-time workers in the United States relative
 19 to the number of full-time workers outside of
 20 the United States,

21 “(B) compensates each employee of the
 22 taxpayer at an hourly rate (or equivalent there-
 23 of) not less than an amount equal to the Fed-
 24 eral poverty level for a family of three for the

1 calendar year in which the taxable year begins
2 divided by 2,080,

3 “(C) provides either—

4 “(i) a defined contribution plan which
5 for any plan year—

6 “(I) requires the employer to
7 make nonelective contributions of at
8 least 5 percent of compensation for
9 each employee who is not a highly
10 compensated employee, or

11 “(II) requires the employer to
12 make matching contributions of 100
13 percent of the elective contributions of
14 each employee who is not a highly
15 compensated employee to the extent
16 such contributions do not exceed the
17 percentage specified by the plan (not
18 less than 5 percent) of the employee’s
19 compensation, or

20 “(ii) a defined benefit plan which for
21 any plan year requires the employer to
22 make contributions on behalf of each em-
23 ployee who is not a highly compensated
24 employee in an amount which will provide
25 an accrued benefit under the plan for the

1 plan year which is not less than 5 percent
2 of the employee's compensation, and

3 “(D) provides full differential salary and
4 insurance benefits for all National Guard and
5 Reserve employees who are called for active
6 duty, and

7 “(4) if such taxpayer employs less than 50 em-
8 ployees on average during the taxable year, either—

9 “(A) compensates each employee of the
10 taxpayer at an hourly rate (or equivalent there-
11 of) not less than an amount equal to the Fed-
12 eral poverty level for a family of 3 for the cal-
13 endar year in which the taxable year begins di-
14 vided by 2,080, or

15 “(B) provides either—

16 “(i) a defined contribution plan which
17 for any plan year—

18 “(I) requires the employer to
19 make nonelective contributions of at
20 least 5 percent of compensation for
21 each employee who is not a highly
22 compensated employee, or

23 “(II) requires the employer to
24 make matching contributions of 100
25 percent of the elective contributions of

1 each employee who is not a highly
 2 compensated employee to the extent
 3 such contributions do not exceed the
 4 percentage specified by the plan (not
 5 less than 5 percent) of the employee's
 6 compensation, or

7 “(ii) a defined benefit plan which for
 8 any plan year requires the employer to
 9 make contributions on behalf of each em-
 10 ployee who is not a highly compensated
 11 employee in an amount which will provide
 12 an accrued benefit under the plan for the
 13 plan year which is not less than 5 percent
 14 of the employee's compensation.”.

15 (b) ALLOWANCE AS GENERAL BUSINESS CREDIT.—
 16 Section 38(b) of the Internal Revenue Code of 1986 is
 17 amended by striking “and” at the end of paragraph (25),
 18 by striking the period at the end of paragraph (26) and
 19 inserting “, and”, and by adding at the end the following:

20 “(27) the Patriot employer credit determined
 21 under section 45N.”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2006.

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